

NATIONAL DAIRY MARKET AT A GLANCE

At the Chicago Mercantile Exchange, Grade AA butter increased 4 cents to \$.9500, Grade A increased 2 cents to \$.8850, and Grade B increased 2 cents to \$.8750. At the National Cheese Exchange in Green Bay, barrels increased 1 3/4 cents to \$1.2600 and 40# blocks are unchanged at \$1.2750.

According to ERS and AMS, commercial disappearance of dairy products during the period January to November 1996 totals 142.2 billion pounds, 0.3% lower than the comparable period in 1995. Comparing disappearance levels with a year earlier: butter is down 2.1%; American cheese, up 2.8%; other cheese, up 1.7%; nonfat dry milk, up 9.2%; and fluid milk products, up 1.1%.

On January 29, Agriculture Secretary Dan Glickman announced he is taking steps to address concerns raised by dairy producers about how milk prices are calculated. Interested parties wishing to comment on the use of National Cheese Exchange prices in the determination of the Basic Formula Price (BFP) may send their comments to: Dairy Division, AMS, USDA; ATTN: BFP Evaluation; Room 2968-S; PO Box 96456; Washington, D.C. 20090-6456. Comments should be postmarked not later than March 31, 1997.

Milk production is increasing in Florida and other Southern states with loads of milk continuing to move to more northern plants to find processing capacity. Milk output in areas of the West and Upper Midwest

is holding steady with localized areas being affected by adverse weather conditions. Producers in areas of Minnesota and the Dakotas are having to dump milk where snowbound roads are impassable for milk trucks. The Mountain States are seeing continued growth in milk volumes compared to a year ago. Class I sales are fair to good. Cream markets are unsettled following the recent increases in butter prices. Demand is lighter for Class II items, whereas butter production is moderate to heavy.

Dry dairy product markets are steady to firm. Nonfat dry milk prices increased on news of export activity to Mexico. Mexico's purchases from the U.S. represent only about 10% of their total tender purchased. Buttermilk prices are increasing following recent volume sales that cleared substantial stocks from producers' inventories. Whey prices increased in all regions. Export sales are currently active, but as prices increase and the US Dollar strengthens, demand could be affected. Domestic interest is fair and often accelerated by buyers anticipating price hikes. Whey protein concentrate markets firmed where producers' stocks became more balanced.

\*\*\*SPECIAL THIS ISSUE\*\*\*

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BUTTER MARKETS**CHICAGO WHOLESALE**

Dollars per pound, trucklot, bulk in fiber boxes, delivered metropolitan area, prices include CCC purchase price whenever bulk butter is moving to CCC from the Midwest area.

GRADE	JANUARY 28	JANUARY 30	JANUARY 31
AA	\$.9100 - .9200 (.0100) (.0100)	\$.9100 - .9200	\$.9100 - .9200
A	\$.8650 - .8750 (.0650) (.0650)	\$.8650 - .8750	\$.8650 - .8750

( ) Change from previous price.

**BUTTER HIGHLIGHTS:** At the Chicago Mercantile Exchange, all butter prices are higher. Churning schedules across the country are mixed. Some producers continue to take advantage of available cream supplies, while others are finding it more financially advantageous to sell the cream. Stocks of butter range from in balance to lighter than desired. In most instances, butter is fully available for current needs. Many handlers continue to pursue additional butter stocks for future use. Spot buyers are finding surplus stocks somewhat limited and held with confidence with prices less favorable than in the past.

**CHICAGO MERCANTILE EXCHANGE**

Butter Transactions on **FRIDAY, JANUARY 31, 1997**  
(CARLOT UNIT = 40,000 LBS.)

GRADE	PRICE CHANGE	LAST SIGNIFICANT TRANSACTION	LST
AA	+.0400	\$0.9500	BID 01/31/97
A	+.0200	\$0.8850	BID 01/31/97
B	+.0200	\$0.8750	BID 01/31/97

SALES: 13 CARS GRADE AA:  
5 @ \$0.9450, 2 @ \$0.9475, 6 @ \$0.9500

BIDS UNFILLED: 4 CARS GRADE AA:  
1 @ \$0.9450, 1 @ \$0.9475, 2 @ \$0.9500 (LST)  
2 CARS GRADE A:  
1 @ \$0.8750, 1 @ \$0.8850 (LST)  
2 CARS GRADE B:  
1 @ \$0.8650, 1 @ \$0.8750 (LST)

OFFERS UNCOVERED: NONE

CHEESE MARKETS**WISCONSIN ASSEMBLY POINTS**

Dollars per pound, standard moisture basis (37.8-39.0%), carlot/trucklot, F.O.B. plants or storage centers, prices include CCC purchase price whenever cheese is moving to CCC from the Midwest area.

CHEDDAR STYLES	JANUARY 27 - 31, 1997
BARRELS*	\$1.2325 - 1.2600 (NOMINAL) (.0075)
40# BLOCKS	\$1.2650 - 1.3050

( ) Change from previous week. \* If steel, barrel returned.

**CHEESE HIGHLIGHTS:** The cheese market is steady to firm. Prices are mixed in moderate trading at the National Cheese Exchange. New orders are steady to often lighter following the usually strong Superbowl demand. Cheese packagers are still operating on good schedules, though many have been able to cut back on overtime. Process sales are steady to slightly improved bolstered by promotional activity. Cheese production is irregularly about steady, depending on the milk supply. CCC market price purchase activity is found on page 11 of this report.

**NATIONAL CHEESE EXCHANGE, INC.**

Cheese Transactions on **FRIDAY, JANUARY 31, 1997**  
(CARLOT UNIT = 40,000-44,000 LBS.)

CHEDDAR STYLES	PRICE CHANGE	LAST SIGNIFICANT TRANSACTION
BARRELS	+.0175	\$1.2600 : SALE 01/31/97
40# BLOCKS	N.C.	\$1.2750 : SALE 01/31/97

SALES ON BIDS: 9 CARS BARRELS @ \$1.2600

SALES ON OFFERS: 13 CAR BARRELS @ \$1.2600  
9 CARS 40# BLOCKS @ \$1.2750

BIDS UNFILLED: NONE

OFFERS UNCOVERED: 6 CARS 40# BLOCKS @ \$1.2750

**COMMERCIAL DISAPPEARANCE: TOTAL MILK AND SELECTED DAIRY PRODUCTS--SEPTEMBER-DECEMBER AND YEAR-TO-DATE 1995-96<sup>1/</sup>**

Item	Sep.-Nov. 1995	Percent change <sup>4/</sup>	Sep.-Nov. 1996	Percent change <sup>4/</sup>	Jan.-Nov. 1995	Percent change <sup>4/</sup>	Jan.-Nov. 1996	Percent change <sup>4/</sup>
	Million Pounds							
<b><u>MILK</u></b>								
Production	37,394	-0.1	37,324	-0.2	142,800	1.4	141,633	-1.1
Marketings	37,005	0.0	36,969	-0.1	141,370	1.5	140,326	-1.0
Beginning Commercial Stocks <sup>2/</sup>	5,067	3.7	5,036	-0.6	4,263	-6.3	4,116	-3.4
Imports <sup>2/</sup>	830	7.0	937	12.9	2,595	0.4	2,549	-1.8
Total Supply <sup>3/</sup>	43,902	0.6	42,942	0.1	148,228	1.3	146,991	-1.1
Ending Commercial Stocks <sup>2/</sup>	3,858	-8.1	4,684	21.4	3,858	-8.1	4,684	21.4
Net Removals <sup>2/</sup>	122	-62.5	16	-86.9	2,098	-51.4	80	-96.2
Commercial Disappearance <sup>3/</sup>	38,922	2.1	38,242	-1.7	142,272	3.2	142,227	-0.3
<b><u>SELECTED PRODUCTS <sup>5/</sup></u></b>								
Butter	284.8	-4.0	280.4	-1.5	1,074.0	7.5	1,055.4	-2.1
American Cheese	800.4	7.6	795.6	-0.6	2,873.6	3.6	2,963.2	2.8
Other Cheese	1,102.9	2.0	1,103.7	0.1	3,727.4	0.7	3,801.8	1.7
Nonfat Dry Milk	221.4	4.7	206.9	-6.5	849.6	0.9	930.8	9.2
Fluid Milk Products <sup>6/</sup>	14,155.0	-0.1	14,149.3	0.2	50,477.3	-0.1	51,187.9	1.1

<sup>1/</sup> Commercial disappearance includes civilian and military purchases of milk and dairy products for domestic and foreign use, but excludes farm household use and USDA donations of dairy products. Disappearance is a residual figure and therefore can be affected by any inaccuracies in estimating milk production, on-farm use, stocks, and imports. <sup>2/</sup> Milk-equivalent, milkfat basis. Calculated using slightly different factors than previously. Further changes may be made as technical parameters become available. <sup>3/</sup> Totals may not add because of rounding. <sup>4/</sup> From year earlier on a daily average basis. <sup>5/</sup> Commercial disappearance in product pounds. <sup>6/</sup> Sales. Estimate based on actual sales in Federal milk order marketing areas and California. These sales figures have not been adjusted for calendar composition. **SOURCE:** Economic Research Service, USDA. Fluid milk products - Agricultural Marketing Service, USDA. This information is now available through AutoFAX. To request a document, dial (202) 219-1107 and enter document number 11521 when prompted.

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**PRINT BUTTER MARKETS - GRADE AA****NORTHEAST**

Prices are mostly one cent higher and the market tone is firm. Some contacts wonder why the trading levels are moving higher at this time. Most realize that many users, traders, and producers, remembering last year's tight supply and high prices, are putting butter away for later needs. This "put away" demand is very good and seems to be helping push prices higher. Under normal conditions, most people would like to put butter or any product away when prices are low. Production of butter is moderate to heavy in the Northeast. Local producers' stocks of print butter are lighter than desired. For the most part, butter is clearing almost as fast as it is being made, packaged, and tested. Retail and food service orders are about steady.

WHOLESALE PRICES: MIN 25 BOXES  
DOLLARS PER POUND, DELIVERED EAST COAST CITIES

1/4 LB. PRINTS	:	1.1200-1.3475
1 LB. PRINTS	:	1.0350-1.2175
CHIPS/PATTIES	:	1.0975-1.2675
REDDIES	:	1.1725-1.3775
CONTINENTALS	:	1.2525-1.4275

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**CENTRAL**

Print butter prices are 1 cent higher following trading at the Chicago Mercantile Exchange January 24. The undertone remains firm. Producers are concerned about the narrowing of the price spread between AA and A butter. In instances, producers are clearing cream to other cream based products versus churning at this time. Overall butter demand continues strong. Basically, stocks are sufficient for current needs. Many Midwestern buyers are interested in holding with confidence additional stocks and occasionally are looking to Western producers to secure additional stocks for use later in the year. Retail and food service orders remain quite active. Butter printers are concerned about possible price increases in the near future and how they might impact consumer buying patterns.

FOB CENTRAL STATES PLANTS: MIN 20,000 POUNDS, \$ PER POUND

1/4 LB. PRINTS	:	1.0100-1.4175
1 LB. PRINTS	:	.9750-1.1375
CHIPS/PATTIES	:	1.0000-1.2100
REDDIES	:	1.0825-1.3200
CONTINENTALS	:	1.2400-1.4300

**WEST**

Prices are generally one cent higher following trading on the Chicago Mercantile Exchange on January 24. Contacts believe that there may be some room to move the market even further. Sales activity remains excellent for this time of year. Butter continues to travel across the country with some of it entering storage to cover needs later in the year. Production is about steady at best. Stocks are being closely held in anticipation of the possibility of higher prices in the near future.

WHOLESALE SELLING PRICES: DELIVERED WESTERN CITIES  
150 - 1000 POUNDS, DOLLARS PER POUND

1/4 LB. PRINTS	:	1.1950-1.2550
1 LB. PRINTS	:	1.1325-1.1850
PATTIES	:	1.1850-1.3325
REDDIES	:	1.2900-1.3125

FOB CALIFORNIA PLANTS - GRADE AA  
100 CASES AND UP, DOLLARS PER POUND

1/4 LB. PRINTS	:	.9200-.9725
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WEEKLY COLD STORAGE HOLDINGS - SELECTED STORAGE CENTERS  
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	:	CHEESE
		:	
01/27/97	8,238	:	107,782
01/01/97	4,551	:	108,543
CHANGE	3,687	:	- 761
% CHANGE	81	:	-1

## CHEESE MARKETS

## NORTHEAST

Prices and the market tone are steady. Cheese production in the Northeast is steady. Most producers report little change in their milk receipts, but more milk was available last week. Plant stocks are quite well balanced with needs. Buyers report little difficulty getting desired volumes from local and/or Midwestern sources. Retail sales and food service sales are slowing now that the Super Bowl is over. The NFL playoff season has become a party season and cheese and snack food sales are very good. Now that the season is over, distributors note a slower or less active demand for cheese.

WHOLESALE SELLING PRICES: DELIVERED,  
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.2650-1.7575
Cheddar Single Daisies	:	1.2350-1.7525
Cheddar 40# Block	:	1.4125-1.5625
Process 5# Loaf	:	1.3975-1.5925
Process 5# Sliced	:	1.4075-1.6075
Muenster	:	1.4550-1.8225
Grade A Swiss Cuts 10 - 14#	:	2.2500-2.5050

## MIDWEST

The cheese market is about steady. Closing transactions for blocks and barrels at the National Cheese Exchange on January 24 were unchanged from the previous week. Promotional activity is helping to stimulate/maintain sales for many processor/packagers. Current orders are steady to occasionally slightly slower. Operating schedules are steady to slower, going from mostly needing considerable overtime on natural lines to being able to get it done on "straight time". Mozzarella sales are also steady to slower, premiums are steady to down slightly. Cheddar supplies are about in balance with attractively priced Western offerings still available. Undergrade offerings have increased. Premiums continue to be pressured by buyers. Cheddar aging programs are continuing in an orderly pattern. While grain prices have moderated from a year ago, hay prices are up sharply from last year as supplies are limited. Cheese production is steady to slightly higher, depending on milk availability.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,  
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.5500-1.5775
Brick And/Or Muenster 5#	:	1.5900-1.7325
Cheddar 40# Block	:	1.5275-1.9250
Monterey Jack 10#	:	1.7275-1.9250
Blue 5#	:	1.8800-2.1200
Provolone 10 - 12#	:	TFEWR
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.6300-1.9650
Grade A Swiss Cuts 6 - 9#	:	2.2400-2.5300

## WEST

Prices are holding steady, but sales activity is improving. Buyers are out looking for additional loads of cheese. They are not able to find exactly what they want all the time. Interest in barrels is picking up. Mozzarella sales are excellent. Swiss movement is only fair; slow on undergrades. Cheese output is up at a number of locations. Most contacts are pleased with first quarter sales activity.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND  
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.4350-1.7800
Cheddar 40# Block	:	1.4875-1.7350
Cheddar 10# Cuts	:	1.6975-1.8400
Monterey Jack 10#	:	1.6775-1.8050
Grade A Swiss Cuts 6 - 9#	:	2.3375-2.5700

## FOREIGN TYPE CHEESE

Prices are mostly unchanged. The market tone is seasonal. Typically, after the first of the year, demand for imported table cheeses slow. The market seems to be following that trend at this time. Imports are lighter as offerings are lower and prices are higher in most producing countries. Recently, the U.S. dollar has been weaker against many foreign currencies. Demand for most imported and domestic foreign type cheeses is slow to fair.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK  
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Roquefort	: 5.5000-6.8900	: -0-
Blue	: 2.6400-3.1400	: 1.6100-2.1775
Gorgonzola	: 3.2400-5.9400	: 2.2325-2.4900
Parmesan (Italy)	: 7.1700-8.0000	: 2.9825-3.0575
Romano (Italy)	: 2.3900-2.9000	: -0-
Provolone (Italy)	: 3.4400-5.5000	: 1.2825-1.7900
Romano (Cows Milk)	: -0-	: 2.8125-3.0175
Sardo Romano (Argentina)	: 2.6500-3.2900	: -0-
Reggianito (Argentina)	: 2.6500-3.2900	: -0-
Jarlsberg-(Brand)	: 2.7400-3.1200	: -0-
Swiss Cuts Switzerland	: -0-	: 2.2500-2.5050
Swiss Cuts Finnish	: 2.5900-2.7200	: -0-
Swiss Cuts Austrian	: 2.2500-2.7500	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: 2.1900-3.0900	: -0-
Gouda, Large	: 2.3900-3.1500	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-

\* = Price change.

## FLUID MILK AND CREAM

## E A S T

Milk production continues to increase in Florida and other Southern states while steady to slightly higher further north into New York and New England. Fluid milk supplies are still more than ample for Class I needs. Florida handlers are shipping a minimum of 80 - 85 loads out of state this week and contacts report the possibility of increasing that number if demand doesn't improve. Manufacturing plants in the Middle Atlantic and Southeast are running at or near capacity. Farther north, plants are operating at moderate to heavy schedules, but manufacturing capacity is available in most plants. Bottled milk sales are reported as just fair to good, occasionally improved where schools are back in session after weather related closings. The condensed skim market is steady with prices unchanged to slightly lower. Demand for wet solids is just fair. Some buyers are looking ahead to February when Class II milk and condensed skim prices will be lower. This may help demand, but with NDM prices as low as they are, condensed sales may continue to lag. The fluid cream market is unsettled. Last Friday's (1/24) increase in butter prices caught many by surprise. Spot prices are higher but, in many cases, multiples were lowered. Now that the spread between AA and A butter has narrowed, some churning facilities are more reluctant to take cream at last week's multiples. However, churning activity is still heavy. The reported ranges are quite wide and reflect some sales negotiated before the butter price changed. This week's multiples are mostly in the mid 120's to the mid 130's. Ice cream production ranges from steady to heavy. Some producers are actively taking cream to replenish their inventories while others are running at lighter than expected levels. Production of sour cream and bottled cream is light. Cream cheese output is holding up quite well.

## FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

## SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. Producing Plants: Northeast	-	1.0813 - 1.2283
Delivered Equivalent Atlanta	-	1.0813 - 1.2849 M 1.1072-1.1678
F.O.B. Producing Plants: Upper Midwest	-	1.0812 - 1.2197

## PRICES OF CLASS II CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. Producing Plants: Northeast	-	1.1600 - 1.2300
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## M I D W E S T

## WISCONSIN SPOT SHIPMENTS:

SPOT SHIPMENTS:	LOADS
JANUARY 24 - 30, 1997	0
PREVIOUS WEEK	0
COMPARABLE WEEK IN 1996	0

Class I sales were sluggish early, but bottling picked up later in the week just ahead of the usually stronger first of the month sales. At least one bottler was purchasing outside milk late in the week. Another 7 loads of Wisconsin milk were shipped to Ohio. Probably all schools held normal sessions throughout the region for the first time in a few weeks. Manufacturing milk demand was improved, and some demand is going unsatisfied as supplies were more limited. Reported prices were in the \$1.25 to 2.00 over class area. Reports indicate that limited quantities of milk are being stair-stepped north

from southern sections of the region for manufacturing. Milk intakes are little changed from recent weeks and some plants are even noting declines. Fat and protein tests are generally lower and often below year ago levels. Plant operators in western sections of the region are getting a better handle on how much milk was dumped due to impassable roads. The cream markets are confused following the increase in the Grade A butter price at the Chicago Mercantile Exchange. Deals made before the change were generally at higher multiples than after the adjustment was known. Cold temperatures returned to the region along with snow. The availability of good quality hay is becoming increasingly limited and prices continue to increase. Tested hay auction prices remain firm. Good quality hay with an RFV test of 125 - 151 ranged \$160.00 - 180.00 per ton.

## WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	JAN 23 - 29	PREVIOUS YEAR
SLAUGHTER COWS	\$ 31.00- 37.00	\$ 33.00- 38.00
REPLACEMENT HEIFER CALVES	\$ 90.00-150.00	\$ 90.00-140.00

## SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	JAN 23 - 29	PREVIOUS YEAR
SLAUGHTER COWS	\$ 30.00- 38.75	\$ 32.00- 37.25

## W E S T

California pool receipts of milk for December total 2.09 billion pounds, down 0.1% from November 1996 on a daily average basis but 6.8% higher than December 1995. The blend price at a fat test of 3.78% is \$13.07. This is the highest fat test since January 1995. Class 1 products absorbed 22.75% of total receipts. This is the lowest Class 1 utilization on record. The quota price for December is \$13.79, 63 cents lower than last month but 29 cents higher than last year. Base and overbase prices are \$12.09, down 63 cents from last month. Annual pool receipts for 1996 on a daily average basis in California total 23,892.0 billion pounds, down 0.1% from 1995. This is the first year to year decline in more than at least a decade on a daily basis. Total output for the year is 23,956.1 billion pounds, up 0.2% from calendar 1995. This total compares to estimated Wisconsin 1996 output of 22,343 billion pounds. Additional rainfall over California over the weekend did lead to more road closures and detours, but did not impact the total milk output to any great extent. Direct immediate impacts from the flooding are minimal, but the long term problems from a feed and forage view point are unknown at this time. Hay prices continue to increase over the entire Western region and quality hay is fast disappearing. Buyers from outside the region continue to look there as an option of last resort for hay supplies. Weather conditions are moderate in the Pacific Northwest. Milk output is about steady. Dairy producers are concerned about the increasing pressure caused by the worsening cost/price squeeze. Mud in the feedlots is again a problem over areas in the northern Mountain States region. Temperatures are warm enough to melt any remaining snow. Herd stress and milk quality are a concern. Milk output has been quite strong through the winter.

**CENTRAL AND WEST DRY MILK PRODUCTS**

All reports, except California manufacturing plants, were released 01/30/97 and represent FOB Central and Western production areas. Prices represent CL/TL quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound.

**NONFAT DRY MILK - CENTRAL**

Nonfat dry milk prices are higher and the market tone is steady to firm. The biggest news involved new DEIP activity and firming Western NDM prices. Production in the Central region is mostly light to moderate. Most manufacturing milk is moving to cheese plants. Offerings are limited from local plants, but resale offerings and loads from Western producers are available. Producers' stocks are mostly light.

Includes EXTRA GRADE and GRADE A, all heat treatments

NONFAT DRY MILK: 1.1200 - 1.1500 MOSTLY: 1.1300 - 1.1400

**DRY BUTTERMILK - CENTRAL**

Buttermilk prices are higher and the market tone continues to firm. Recent market activity has cleared most offerings at the producer level. Buying interest is currently backing off some as many end users made their purchases and have current needs in hand. Resale interest is fair, but often between that group. Production remains variable within the region and is light overall. Producers' stocks are limited.

BUTTERMILK: .9250 - .9800

**DRY WHEY - CENTRAL**

Whey prices increased slightly and the market tone remains firm. Offerings are light to moderate. Some plants have more whey to offer than others. Contacts state that some brands are hard to find and commanding higher premiums. Several larger buyers say they are still able to get all the extra whey they need. Sales activity is up, sometimes attributed to buyers wanting whey before costs go up. Prices in the resale market are also higher. Production is steady to occasionally mixed, depending on cheese output and availability of outside whey solids. Plant stocks are in good balance at most locations and being held with more confidence.

NONHYGROSCOPIC: .1850 - .2050 MOSTLY: .1875 - .1925

**ANIMAL FEED WHEY - CENTRAL**

All animal feed whey prices are higher and nominal in limited spot trading. Firmer edible whey and WPC prices are affecting the market tones. Buying interest is good as buyers sense the bottom of the market has passed and they want to purchase product. Offerings of milk replacer and standard whey are very light. Production problems have been very limited for edible whey producers and down graded whey is in short supply. Interest for delactose improved and supplies are in good balance.

MILK REPLACER: .1700 - .1800  
STANDARD: .1600 - .1750  
ROLLER GROUND: .1900 - .2050  
DELACTOSE (Min. 20% protein): .3400 - .3800

**LACTOSE - CENTRAL AND WEST**

Lactose prices are unchanged and the market tone remains steady to firm. Contacts are stating that the market is firm, but less "stressed" than just a few weeks ago. Lactose is limited, but spot and resale loads are available if the price is right. Production remains strong. Stocks remain in good balance.

Including spot sales and up to 3 month contracts.

EDIBLE: .2000 - .2700 MOSTLY: .2300 - .2500

**WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST**

Whey protein concentrate prices are higher in light to moderate trading. The market tone is firm. Several producers are raising prices as their inventories return to more normal levels. Buyers are more active as they see prices move higher from the recent lows. Production is mostly steady. Stocks are balanced at most locations.

EDIBLE 34% PROTEIN: .5700 - .6200 MOSTLY: .5900 - .6000

**NONFAT DRY MILK - WEST**

Prices for Western high heat powder are holding steady. Demand is mixed with some producers reporting excellent sales opportunities while others note a more sluggish market. A number of firms continue to make high heat only to order. The low/medium heat market continues the firming undertone noted over the past two weeks. Sales activity is improved and stocks are much better balanced. The news of a major purchase of NDM by Mexico caught some contacts by surprise. Many feel that the impact on the market may be positive in the short run, but may be negative for the longer run in that Europe got most of the business. Speculation continues about how long this sale will keep Mexico out of the market for additional powder (especially from the U.S.).

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: 1.0900 - 1.1300 MOSTLY: 1.1000 - 1.1200  
HIGH HEAT: 1.1200 - 1.1500

**DRY BUTTERMILK - WEST**

Prices for Western buttermilk powder are as much as one cent higher in more active trading. The heavy stocks that were a burden on the market have now cleared out. Buyers are more interested in acquiring powder at this time. Stocks are in good balance. Production is steady to lower. There is a firming undertone to the market.

BUTTERMILK: .8700 - .9600

**DRY WHEY - WEST**

Western range prices are as much as one cent higher in active trading for whey powder. The mostly price range held steady. Sellers are more confident that the market has a firm undertone and that supply and demand is in good balance. Some export interest is expected to slow over the next few weeks due to the celebration of the Chinese New Year. Orders and transportation will be disrupted until after the holiday. Current production ranges from steady to slightly higher. Most contacts are very satisfied with the current tone of the market.

NONHYGROSCOPIC: .1950 - .2100 MOSTLY: .1950 - .2000

**CALIFORNIA MANUFACTURING PLANTS**

The weighted average price for Extra Grade and Grade A Nonfat Dry Milk for the seven day period ended January 27, on powder sales of 10,474,072 pounds f.o.b. California manufacturing plants was \$1.1089 per pound. This compares to 9,502,098 pounds at \$1.1093 for the previous week ending January 20, 1997. Prices for both periods were influenced by the effect of long-term contract sales. Compiled by the Dairy Marketing Branch, California Department of Food and Agriculture.

**NORTHEAST, SOUTHEAST, AND NATIONAL MILK PRODUCTS**

All reports represent carlot/trucklot quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound, unless otherwise specified. Delivered Southeast is delivered equivalent Atlanta.

**NONFAT DRY MILK - NORTHEAST AND SOUTHEAST**

Prices are steady to lower. The market tone is steady to weaker, but market activity was reported as improved this week. Some Eastern producers have lowered their offering prices to \$1.13-1.14 for volume or multi-load deals. This move is attracting more interest and clearing quite a bit more powder. Production levels are steady to higher in the East. Surplus milk volumes are increasing in the Southeast. This extra milk is moving into Mid-Atlantic plants which have plenty of processing capacity. Most Southeastern manufacturing plants are currently full.

Includes EXTRA GRADE and GRADE A, all heat treatments

F.O.B. NORTHEAST:	1.1300 - 1.2000
DELVD SOUTHEAST:	1.1350 - 1.2300

**DRY BUTTERMILK - NORTHEAST AND SOUTHEAST**

Prices are mostly steady. The market tone is quite firm. Production levels are moderate to heavy, but with last week's butter price increase, some butter makers are not looking for much "outside" cream. Most Eastern churns have more than adequate volumes of their own cream. Plant stocks are well balanced. Demand is fair to good. As a rule, buyers feel that prices are at the bottom of a price cycle and are now making some purchases.

F.O.B. NORTHEAST:	.9500 - .9700
DELVD SOUTHEAST:	.9350 - .9950

**DRY WHOLE MILK - NATIONAL**

Prices and the market tone are unchanged. Production is steady to heavier where more milk is available. However, where milk volumes are heaviest, some producers are making only NDM. Dry whole milk stocks, at the producer level, are closely balanced. Spot demand ranges from slow to good, mostly fair. Export interest is also fair, but, through Thursday a.m., there were no DEIP bid acceptances this week.

F.O.B. PRODUCING PLANT:	1.1800 - 1.2600
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**DEIP BID ACCEPTANCE SUMMARY**

JULY 1, 1996 THROUGH JANUARY 24, 1997  
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	-	12,708	MT (28,016,056 LBS)
CHANGE	-	539	MT (1,188,279 LBS)
WHOLE MILK POWDER	-	1,020	MT (2,248,692 LBS)
CHANGE	-	160	MT (352,736 LBS)
CHEESE	-	783	MT (1,726,202 LBS)
CHANGE	-	50	MT (110,230 LBS)
BUTTERFAT	-	512	MT (1,128,755 LBS)
CHANGE	-	476	MT (1,049,390 LBS)

**DRY WHEY - NORTHEAST AND SOUTHEAST**

Prices are steady to fractionally higher. The market tone is slowly firming. Demand is improving. Suppliers and traders report a fairly active week. Domestic buyers are looking to make some purchases now that prices are starting to increase. However, as prices rise, export demand may wane. Quite a bit of whey is being exported under existing contracts. Production levels are fairly heavy as most cheese makers have increased volumes of surplus milk available to them. For the most part, plant stocks are well balanced. Most producers term supplies as comfortable. As prices move slowly upward, suppliers are holding stocks with more confidence.

F.O.B. NORTHEAST:	EXTRA GRADE	.1850 - .1925
	USPH GRADE A	.1925 - .2000
DELVD SOUTHEAST:		.1975 - .2275

**ANIMAL FEED WHEY - NORTHEAST**

Prices remain too few to report. Stocks of milk replacer quality whey are tight. Buyers are showing good interest and, when necessary, taking Extra Grade powder to meet their needs.

F.O.B. NORTHEAST:	MILK REPLACER	TFEWR
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**EVAPORATED MILK - NATIONAL**

Prices and the market tone are steady. Production levels are moderate to heavier. Increased volumes of surplus milk are being reported in more areas of the country. Plant stocks are light and most producers are trying to replenish their stocks. Demand is seasonally slow to fair and centered around replacement orders.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$22.50 - 33.00  
Excluding promotional and other sales allowances. Included new price announcements.

**CASEIN - NATIONAL**

Acid casein prices are unchanged, but the market tone remains weak. Prices are often lower within the range. Declining caseinate prices continue to plague acid values. Acid casein is available from many suppliers. Rennet prices and the market tone are steady. Contract transactions dominate the current price range. Spot sales are limited.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET:	2.3500 - 2.4700
ACID:	2.1500 - 2.2500

## COFFEE, SUGAR, &amp; COCOA EXCHANGE AND CHICAGO MERCANTILE EXCHANGE FUTURES

Selected settling prices, (open interest), and volume 1/

MONTH	01/16	01/17	01/20	01/21	01/22	01/23	01/24	01/27	01/28	01/29
<b>CSCE - CHEDDAR CHEESE -- Cents per pound</b>										
JAN 97	128.60 (0) 0	128.10 (0) 0	126.60 (0) 0	127.60 (0) 0	127.60 (0) 0	126.60 (0) 0				
FEB 97	132.00 (39) 0	131.50 (39) 2	130.00 (39) 0	131.00 (39) 0	131.00 (39) 0	130.00 (39) 0	131.00 (39) 0	131.00 (39) 0	131.00 (39) 0	131.00 (39) 0
APR 97	138.00 (16) 0	137.50 (16) 0	136.00 (16) 0	137.50 (16) 0	138.00 (16) 0	138.00 (16) 0	138.50 (16) 0	139.00 (16) 0	139.00 (16) 0	139.00 (16) 0
<b>CSCE - NONFAT DRY MILK -- Cents per pound</b>										
JAN 97	105.70 (0) 0	107.20 (0) 0	107.00 (0) 0	107.70 (0) 0	107.50 (0) 0	107.50 (0) 0				
FEB 97	110.00 (49) 0	111.50 (49) 5	111.30 (50) 0	112.00 (46) 4	111.80 (46) 4	111.80 (46) 0	112.60 (46) 0	113.50 (46) 0	113.50 (46) 0	112.50 (46) 0
<b>CSCE - FLUID MILK -- Dollars per cwt.</b>										
JAN 97	12.85 (0) 0	12.88 (0) 0	12.90 (0) 0	12.80 (0) 0	12.90 (0) 0	12.90 (0) 0				
FEB 97	12.85 (52) 0	12.88 (53) 1	12.90 (53) 0	12.80 (53) 0	12.90 (53) 6	12.90 (44) 13	12.88 (44) 2	12.88 (41) 2	12.93 (44) 0	12.83 (44) 0
JUN 97	13.75 (26) 5	14.00 (26) 0	14.00 (26) 1	14.35 (27) 0	14.50 (27) 1	14.45 (27) 0	14.65 (24) 3	14.75 (25) 7	14.55 (27) 5	14.80 (31) 5
<b>CSCE - BUTTER -- Dollars per cwt.</b>										
JAN 97	93.50 (0) 0	93.00 (0) 0	88.50 (0) 0	92.80 (0) 0	93.80 (0) 0	91.50 (0) 0				
FEB 97	92.00 (8) 1	91.50 (8) 0	87.00 (8) 0	91.30 (8) 0	92.30 (8) 0	90.00 (8) 0	91.50 (8) 3	92.30 (9) 2	94.80 (8) 1	96.30 (8) 1
JUN 97	101.30 (10) 0	100.00 (14) 4	95.50 (14) 0	100.00 (14) 0	98.50 (14) 0	100.30 (14) 0	101.00 (14) 0	100.50 (14) 0	101.50 (14) 0	103.00 (14) 4
<b>CME - FLUID MILK -- Dollars per cwt.</b>										
FEB 97	13.000 (16) 0	13.000 (16) 0	13.000 (16) 0	13.000 (16) 0	13.000 (16) 0	13.000 (16) 0	13.000 (16) 0	13.000 (16) 0	13.000 (16) 0	13.000 (16) 0
APR 97	13.500 (1) 0	13.500 (1) 0	13.500 (1) 0	13.500 (1) 0	13.500 (1) 0	13.500 (1) 0	13.500 (1) 0	13.500 (1) 0	13.500 (1) 0	13.90 (1) 0
<b>CME - BUTTER -- Cents per pound</b>										
FEB 97	96.500 (65) 1	96.500 (67) 2	96.500 (67) 0	96.500 (67) 0	96.500 (67) 0	96.000 (67) 0	96.000 (67) 0	96.000 (67) 0	96.000 (67) 0	96.250 (67) 0
APR 97	98.500 (3) 0	98.500 (3) 0	98.500 (3) 0	98.500 (3) 0	98.500 (3) 0	98.000 (3) 0	97.000 (3) 0	97.000 (3) 2	97.000 (3) 0	97.000 (3) 0
JLY 97	100.500 (41) 0	100.500 (41) 0	100.500 (41) 0	100.800 (41) 0	100.800 (40) 1	100.800 (40) 0	100.800 (40) 0	100.800 (40) 0	100.800 (40) 0	102.250 (40) 0

1/ Open interest for NDM and cheddar -- 4 contracts equal 40,000 pounds. Open interest for fluid milk (at both exchanges) -- 1 contract equals 50,000 pounds. For more detailed information, you may call our automated voice system at 608-224-5088 or the CSCE's automated hotline at 212-938-2847, or the CME at 312-930-8282.



## INTERNATIONAL DAIRY MARKET NEWS

Information gathered January 20 - 31, 1997

Prices are U.S. Dollars per MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

## WESTERN AND EASTERN EUROPE

**OVERVIEW: WESTERN EUROPE:** Western European markets are generally steady, although prices are generally higher. A strong U.S. dollar is having an impact on European markets. Stocks of most products are at or nearing seasonal low levels. Buying interest remains strong for butter destined for Russia. This demand is expected to weaken as previously purchased stocks are cleared and the winter season becomes shorter. Of most interest in Europe is the large purchase of skim milk powder from Mexico. The majority of the 48,000+ MT purchase is being sourced in Europe with about 4,000 MT coming from the U.S. Shipments are during the first and second quarters of the year. Most of the purchase is expected filled with upcoming spring production.

**BUTTER/BUTTEROIL:** Western European butter and butteroil markets are steady. Strength in the U.S. dollar is often lowering European prices. Butter stocks are less available for trade. Russia continues to look for butter but is finding European stocks less available, especially for immediate shipment. Outside the Russian interest, demand is quiet. Much of Russia's current interest is being filled from other areas. As of March 15, private storage will resume, thus butter produced after February 15 will become eligible for this program.

82% BUTTERFAT:	1,500 - 1,800
99% BUTTERFAT:	1,975 - 2,000

**SKIM MILK POWDER (SMP):** Much of the skim milk powder market activity centers around the recent Mexican purchase of over 48,000 mt. Other than this purchase, buying interest is quiet. Algeria continues to negotiate possible purchases with other sales also developing. Powder stocks are generally tight for immediate shipment with much of the current sales and potential sales being filled with upcoming production.

1.25% BUTTERFAT:	1,850 - 1,900
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**WHOLE MILK POWDER (WMP):** Whole milk powder markets are much the same as skim milk markets. Stocks of whole milk are fairly tight with most stocks fully committed for the balance of the season. Overall demand is quiet.

26% BUTTERFAT:	1,850 - 1,940
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**SWEET WHEY POWDER:** Whey powder markets are steady with prices basically unchanged, although the stronger U.S. dollar may affect European whey prices. Current export interest is minimal, thus most trading activity is referred to as domestic. Cheese production remains seasonally light causing volumes of whey solids to be limited.

NONHYGROSCOPIC:	500 - 650
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**EASTERN EUROPE:** Eastern European markets are much the same as in past weeks. Prices for the limited volumes of available product are firm, thus limiting new export activity. Russia continues to seek butter, but due to limited/expensive stocks, very little activity is occurring. Milk production is at seasonal low levels as the winter season continues.

## OCEANIA

**OVERVIEW:** Milk production patterns throughout the region are showing more signs of nearing the seasonal end. Production is reported to be running 4 - 8% over last year. Milk handlers are stating that dryer than usual conditions for this time of the season will probably cause production to decline at a faster rate. Most manufactured dairy product markets are steady with past weeks. Buying interest is sufficient to maintain comfortable inventory levels at most locations. Butter continues to clear to Russian and Algerian buyers.

**BUTTER:** Butter markets are basically steady, although prices are unchanged to higher. Buying interest remains strong from Russia and North Africa. Butter handlers have mixed opinions as to how much longer Russia will be in the market this season. Stocks of butter are adequate for most needs. Demand for butteroil from Asian buyers continues at prices ranging \$1,750 - 1,800 per MT.

82% BUTTERFAT:	1,400 - 1,450
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**CHEDDAR CHEESE:** Cheese prices in the Oceania market are steady. In most instances, supplies of cheddar are in balance with demand. Demand for cheese remains steady at good levels. Manufacturers are pleased with the volumes of cheese that are clearing to established markets and are pleased with the interest from developing markets.

39% MAXIMUM MOISTURE:	2,100 - 2,250
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**SKIM MILK POWDER (SMP):** Skim milk powder markets are steady with prices unchanged to higher. Overall stocks are fairly tight and, in most instances, fully committed. Due to current inventories and current supplies, demand is not overly aggressive which is typical for this time of the year from this region. None of the 48,000 MT of skim milk powder destined for Mexico is coming from the Oceania region.

1.25% BUTTERFAT:	1,850 - 2,000
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**WHOLE MILK POWDER (WMP):** Whole milk powder markets are generally steady with prices unchanged. Often, stocks are limited and fully committed, although, the Oceania market is the major source for the recent 16,000 MT Conasupo whole milk purchase. Most current trading activity centers around contractual interest only.

26% BUTTERFAT:	1,850 - 2,000
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Exchange rates for selected foreign currencies: January 27, 1997

.5411 Dutch Guilder	.6070 German Mark
.1799 French Franc	.6902 New Zealand Dollar
.1276 Mexican Peso	.7725 Australian Dollar
1.6228 British Pound	.0084 Japanese Yen
.3328 Polish Zloty	

To compare the value of 1 US Dollar to Mexican Pesos:  $(1/.1276) = 7.8370$ . That is 1 US Dollar equals 7.8370 Mexican Pesos.

Source: Wall Street Journal

## 1996 MONTHLY AVERAGES

AREA & PRODUCT	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	AVERAGE*
<b>BUTTER</b>													
CHI CAGO MERCANTILE													
Grade AA	0.7923	0.7214	0.7200	0.7620	0.9490	1.3663	1.5194	1.5300	1.5300	1.4035	0.8248	0.8142	1.0777
Grade A	0.7440	0.6521	0.6500	0.6957	0.8916	1.3063	1.4487	1.4500	1.4500	1.2445	0.7147	0.7302	0.9981
Grade B	0.7423	0.6521	0.6500	0.6940	0.8865	1.3063	1.4487	1.4500	1.4500	1.2626	0.6870	0.7102	0.9950
WSP - GRADE AA	0.8019	0.7312	0.7250	0.7573	0.9350	1.3525	1.5212	1.5350	1.5350	1.4336	0.8579	0.8035	1.0824
WSP - GRADE A	0.7542	0.6642	0.6550	0.6896	0.8779	1.2925	1.4527	1.4550	1.4550	1.2864	0.7412	0.7185	1.0035
CENTRAL STATES - F. O. B.													
1/4 LB. PRINTS	1.0930	1.0228	1.0188	1.0522	1.2226	1.6513	1.8215	1.8338	1.8338	1.7192	1.1659	1.1026	1.3781
1 LB. PRINTS	0.9405	0.8703	0.8663	0.8997	1.0701	1.4938	1.6640	1.6763	1.6763	1.5617	1.0084	0.9451	1.2227
CHIPS/PATTIES	0.9893	0.9190	0.9150	0.9484	1.1189	1.5425	1.7127	1.7250	1.7250	1.6105	1.0571	0.9938	1.2714
REDDIES	1.0855	1.0153	1.0113	1.0447	1.2151	1.6388	1.8090	1.8213	1.8213	1.7067	1.1534	1.0901	1.3677
CONTINENTALS	1.2193	1.1490	1.1450	1.1784	1.3489	1.7725	1.9427	1.9550	1.9550	1.8405	1.2871	1.2238	1.5014
NORTHEAST - DEL - AA													
1/4 LB. PRINTS	1.0943	1.0240	1.0200	1.0534	1.2132	1.6713	1.8415	1.8538	1.8538	1.7392	1.1859	1.1226	1.3894
1 LB. PRINTS	1.0255	0.9553	0.9513	0.9847	1.1510	1.5688	1.7390	1.7513	1.7513	1.6367	1.0799	1.0151	1.3008
CHIPS/PATTIES	1.0718	1.0015	0.9975	1.0150	1.1698	1.6200	1.7902	1.8025	1.8025	1.6880	1.1346	1.0713	1.3471
REDDIES	1.1243	1.0540	1.0500	1.0834	1.2682	1.7125	1.8827	1.8950	1.8950	1.7805	1.2271	1.1638	1.4280
CONTINENTALS	1.2343	1.1640	1.1600	1.1934	1.3598	1.7775	1.9477	1.9600	1.9600	1.8455	1.2921	1.2288	1.5103
CALIFORNIA - DEL - AA													
1/4 LB. PRINTS	1.1443	1.0740	1.0700	1.1073	1.2789	1.7063	1.8588	1.8588	1.8588	1.7442	1.1778	1.1138	1.4161
1 LB. PRINTS	1.0305	0.9603	0.9563	0.9935	1.1651	1.5963	1.7665	1.7788	1.7788	1.6642	1.1117	1.0482	1.3209
PATTIES	1.1380	1.0678	1.0638	1.1010	1.2726	1.6963	1.8665	1.8788	1.8788	1.7642	1.2109	1.1476	1.4239
REDDIES	1.2293	1.1590	1.1550	1.1932	1.3651	1.7388	1.9090	1.9213	1.9213	1.8067	1.2534	1.1901	1.4869
CALIFORNIA PLANTS - F. O. B.													
1/4 LB. PRINTS	0.8193	0.7490	0.7450	0.7823	0.9539	1.3813	1.5544	1.5688	1.5688	1.4542	0.8985	0.8351	1.1092
<b>CHEESE</b>													
NATIONAL CHEESE EXCHANGE													
BARRELS	1.3292	1.3325	1.3457	1.3905	1.4475	1.4475	1.5169	1.5952	1.6622	1.4672	1.2029	1.1537	1.4076
40#BLK	1.3788	1.3775	1.3874	1.4325	1.4925	1.4933	1.5623	1.6358	1.6942	1.5793	1.3245	1.2373	1.4663
640#BLK	1.4175	1.4078	1.3791	1.3992	1.4844	1.4900	1/						N/A
WISCONSIN ASSEMBLY POINTS													
CHEDDAR BARRELS	1.3348	1.3403	1.3519	1.3977	1.4616	1.4575	1.5231	1.6050	1.6809	1.4818	1.2155	1.1563	1.4172
CHEDDAR 40# BLOCKS	1.3929	1.3933	1.4087	1.4510	1.5175	1.5150	1.5818	1.6756	1.7390	1.6226	1.3393	1.2598	1.4914
WISCONSIN													
PROCESS AMERICAN 5# LOAF	1.6266	1.6213	1.6242	1.6509	1.6850	1.6850	1.7068	1.7589	1.8560	1.8187	1.6131	1.5522	1.6832
BRI CK AND/OR MUENSTER 5#	1.7477	1.7425	1.7461	1.7856	1.8538	1.8538	1.9027	1.9714	2.0425	1.9920	1.7933	1.6693	1.8417
CHEDDAR 40# BLOCK	1.7022	1.7013	1.7060	1.7259	1.7622	1.7625	1.7926	1.8319	1.9820	1.9285	1.7714	1.7112	1.7815
MONTEREY JACK 10#	1.8035	1.8025	1.8070	1.8259	1.8622	1.8625	1.8938	1.9547	2.0683	2.0313	1.8851	1.8112	1.8840
BLUE 5#	2.1006	2.0975	2.1020	2.1468	2.2150	2.2150	2.2640	2.3326	2.4038	2.3474	2.1294	2.0057	2.1967
PROVOLONE 10 - 12#	1.8256	1.8225	1.8270	1.8668	1.9350	1.9350	1.9840	2.0526	TFEWR	TFEWR	TFEWR	TFEWR	TFEWR
MOZZARELLA 5 - 6#	1.7530	1.7488	1.7488	1.7736	1.8184	1.8188	1.8500	1.9001	2.0145	1.9644	1.8337	1.7776	1.8335
GRADE A SWISS CUTS 6 - 9#	2.2338	2.2338	2.2338	2.2338	2.2338	2.2338	2.2419	2.2810	2.4045	2.4473	2.4859	2.4173	2.3067
NORTHEAST													
CHEDDAR 10# PRINTS	1.7285	1.7275	1.7129	1.7359	1.7700	1.7700	1.8060	1.8744	1.9420	1.9051	1.7337	1.5370	1.7703
CHEDDAR SINGLE DAISIES	1.6897	1.6838	1.6921	1.7159	1.7525	1.7525	1.7885	1.8569	1.9245	1.8624	1.6311	1.5195	1.7391
CHEDDAR 40# BLOCK	1.5919	1.5900	1.5989	1.6368	1.7050	1.7050	1.7675	1.8439	1.9065	1.8045	1.5449	1.4599	1.6796
PROCESS 5# LOAF	1.6099	1.6113	1.6136	1.6540	1.7188	1.7188	1.7740	1.8550	1.9344	1.7889	1.5769	1.4321	1.6906
PROCESS 5# SLICED	1.6336	1.6350	1.6421	1.6807	1.7438	1.7438	1.7910	1.8672	1.9463	1.8113	1.5919	1.4496	1.7114
MUENSTER	1.7094	1.7075	1.7164	1.7543	1.8225	1.8225	1.8820	1.9564	2.0190	1.9279	1.7074	1.6608	1.8072
GRADE A SWISS CUTS 10 - 14#	2.1588	2.1588	2.1588	2.1588	2.1588	2.1588	2.1588	2.1588	2.2244	2.3775	2.3775	2.3775	2.2189
WEST													
PROCESS 5# LOAF	1.6512	1.6550	1.6657	1.6997	1.7525	1.7525	1.7780	1.8205	1.8640	1.7999	1.6441	1.5623	1.7205
CHEDDAR 40# BLOCK	1.6422	1.6413	1.6454	1.6651	1.7000	1.7094	1.7588	1.8103	1.8720	1.8394	1.6894	1.5952	1.7140
CHEDDAR 10# CUTS	1.8747	1.8738	1.8779	1.8972	1.9313	1.9313	1.9625	2.0214	2.0783	2.0268	1.8665	1.7705	1.9260
MONTEREY JACK 10#	1.7732	1.7713	1.7796	1.8053	1.8463	1.8556	1.8925	1.9474	2.0083	1.9701	1.8226	1.7277	1.8500
GRADE A SWISS CUTS 6 - 9#	2.2163	2.2163	2.2163	2.2163	2.2163	2.2163	2.2780	2.3790	2.4613	2.4613	2.4577	2.4538	2.3157

## 1996 MONTHLY AVERAGES

AREA & PRODUCT	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	AVERAGE*
<u>FLUID PRODUCTS</u>													
CLASS II CREAM - DEL. EQUIV.													
NORTHEAST	0.9864	0.8643	0.8922	0.9474	1.2425	1.9637	2.1713	2.0743	2.0202	1.6438	0.9791	1.0236	1.4007
ATLANTA	1.0667	0.9413	0.9508	1.0014	1.2544	1.9312	2.1792	2.1025	2.0612	1.7524	1.0727	1.0388	1.4461
UPPER MIDWEST	1.0160	0.8812	0.8917	0.9639	1.2545	1.9216	2.1784	2.0989	2.0489	1.6466	0.9631	1.0097	1.4062
CONDENSED SKIM - DEL. EQUIV.													
NORTHEAST	1.3751	1.3575	1.3664	1.3550	1.3498	1.2250	1.2088	1.2019	1.2365	1.2702	1.4911	1.5021	1.3283
EVAPORATED MI LK	24.3750	24.3750	24.3750	24.3750	24.3750	24.4375	24.7068	25.3886	25.6400	25.6400	26.6395	27.7500	25.1731
<u>DRY PRODUCTS</u>													
NONFAT DRY MI LK													
CENTRAL - EXTRA AND GRADE A	1.1485	1.1084	1.1008	1.1032	1.1600	1.2975	1.3257	1.3091	1.3190	1.3155	1.2659	1.2055	1.2216
-- MOSTLY	1.1449	1.1069	1.0996	1.0995	1.1811	1.2813	1.2950	1.2870	1.2880	1.2866	1.2453	1.1963	1.2093
WEST - LOW/MEDIUM HEAT	1.1058	1.0778	1.0753	1.0794	1.1360	1.2588	1.2605	1.2381	1.2574	1.2486	1.1807	1.1315	1.1708
-- MOSTLY	1.1036	1.0746	1.0729	1.0766	1.1635	1.2656	1.2711	1.2339	1.2563	1.2391	1.1758	1.1280	1.1718
WEST - HIGH HEAT	1.1264	1.0985	1.0953	1.1022	1.1659	1.2931	1.3109	1.2877	1.3063	1.2915	1.2237	1.1571	1.2049
NORTHEAST - EXTRA & GRADE A	1.1493	1.1264	1.1170	1.1165	1.1608	1.2750	1.3414	1.3268	1.3380	1.3270	1.2995	1.2600	1.2365
SOUTHEAST - EXTRA & GRADE A	1.1736	1.1418	1.1210	1.1205	1.1941	1.2972	1.3384	1.3459	1.3369	1.3368	1.2925	1.2561	1.2462
DRY BUTTERMILK													
CENTRAL	0.9440	0.9249	0.9171	0.9234	1.0210	1.2031	1.3983	1.5159	1.5250	1.4914	1.2020	0.9518	1.1682
WEST	0.9139	0.9073	0.9007	0.9148	1.0099	1.1800	1.4113	1.5415	1.5768	1.5623	1.2839	0.9779	1.1817
-- MOSTLY	0.9187	0.9145	0.9125	0.9200	TFEWR	TFEWR	TFEWR	TFEWR	TFEWR	TFEWR	TFEWR	TFEWR	TFEWR
NORTHEAST	0.9464	0.9290	0.9062	0.9056	0.9903	1.1400	1.2524	1.3875	1.4744	1.4699	1.2218	0.9762	1.1333
SOUTHEAST	0.9811	0.9651	0.9510	0.9600	1.0409	1.1972	1.3385	TFEWR	TFEWR	TFEWR	TFEWR	TFEWR	TFEWR
WHEY POWDER													
CENTRAL -	0.2552	0.2309	0.2312	0.2344	0.2168	0.2200	0.2249	0.2427	0.2431	0.2193	0.1834	0.1876	0.2241
-- MOSTLY	0.2508	0.2239	0.2273	0.2288	0.2150	0.2125	0.2200	0.2385	0.2425	0.2180	0.1826	0.1813	0.2201
WEST -	0.2558	0.2496	0.2496	0.2414	0.2169	0.1963	0.2000	0.2160	0.2229	0.2153	0.1922	0.1861	0.2202
-- MOSTLY	0.2526	0.2484	0.2463	0.2425	0.2100	0.1950	0.1976	0.2094	0.2150	0.2078	0.1866	0.1863	0.2165
NORTHEAST - EXTRA GRADE	0.2564	0.2290	0.2254	0.2325	0.2103	0.2122	0.2190	0.2369	0.2448	0.2279	0.1851	0.1825	0.2218
NORTHEAST - USPH GRADE A	0.2755	0.2365	0.2385	0.2426	0.2337	0.2297	0.2293	0.2420	0.2535	0.2377	0.1949	0.1907	0.2337
SOUTHEAST - EXTRA GRADE	0.2755	0.2570	0.2563	0.2586	0.2427	0.2413	0.2473	0.2650	0.2686	0.2443	0.2109	0.2081	0.2480
ANIMAL FEED WHEY													
CENTRAL - MILK REPLACER	0.2358	0.2108	0.2127	0.2145	0.2025	0.2000	0.2043	0.2289	0.2358	0.2016	0.1704	0.1675	0.2071
CENTRAL - STANDARD	TFEWR	TFEWR	TFEWR	0.2095	0.1959	0.1925	0.1991	0.2169	0.2243	0.1861	0.1603	0.1600	TFEWR
CENTRAL - ROLLER GROUND	0.2518	0.2349	0.2336	0.2376	0.2312	0.2300	0.2308	0.2403	0.2500	0.2331	0.1946	0.1870	0.2296
CENTRAL - DELACTOSE	0.3343	0.3268	0.3250	0.3250	0.3268	0.3466	0.3672	0.3864	0.4039	0.3991	0.3761	0.3512	0.3557
NORTHEAST - MILK REPLACER	TFEWR	TFEWR	TFEWR	TFEWR	TFEWR	0.2000	TFEWR	TFEWR	TFEWR	TFEWR	TFEWR	TFEWR	TFEWR
LACTOSE													
CENTRAL AND WEST	0.1761	0.1750	0.1762	0.1875	0.1875	0.1875	0.2015	0.2036	0.2054	0.2189	0.2217	0.2232	0.1970
-- MOSTLY	0.1700	0.1700	0.1700	0.1802	0.1825	0.1825	0.1950	0.1964	0.2033	0.2191	0.2200	0.2225	0.1926
WHEY PROTEIN CONCENTRATE													
CENTRAL AND WEST	0.6276	0.5713	0.5526	0.5545	0.5505	0.5750	0.6180	0.6726	0.7369	0.7291	0.6541	0.5871	0.6191
-- MOSTLY	0.6339	0.5788	0.5582	0.5573	0.5559	0.5781	0.6214	0.6791	0.7425	0.7332	0.6551	0.5904	0.6237
DRY WHOLE MILK													
F. O. B. PRODUCING PLANT	1.2382	1.2100	1.1933	1.2084	1.2665	1.3544	1.4245	1.4691	1.4593	1.4926	1.3917	1.2427	1.3292
CASEIN REVIEW													
ACID	2.7000	2.7000	2.7000	2.6977	2.6534	2.6500	2.5250	2.4977	2.4605	2.3750	2.3276	2.2798	2.5472
RENNET	2.6548	2.6500	2.6500	2.6900	2.6652	2.6525	2.5750	2.5182	2.5450	2.4500	2.4500	2.4462	2.5789

\* = Simple average of the 12 monthly averages. 1/Trading ended July 19, 1996. TFEWR = Too few to report. N/A = Not applicable.

CCC PURCHASES OF DAIRY PRODUCTS

	FOR THE WEEK OF JANUARY 27 - 31, 1997			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL	CONTRACT	ADJUSTED	SINCE	SAME PERIOD	PERIOD ENDING	SAME PERIOD
	PURCHASES	ADJUSTMENTS	PURCHASES	10/01/96	LAST YEAR	01/24/97	LAST YEAR
<b>BUTTER</b>							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>TOTAL</b>	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>CHEESE</b>							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>TOTAL</b>	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>NONFAT DRY MILK</b>							
Nonfortified	-0-	-0-	-0-	-0-	-0-	-0-	13,785,000
Fortified	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>TOTAL</b>	-0-	-0-	-0-	-0-	-0-	-0-	13,785,000

MILK EQUIVALENT, MILKFAT AND SKIM SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT*	SKIM**		MILKFAT*	SKIM**
	<u>BASIS</u>	<u>SOLIDS</u>		<u>BASIS</u>	<u>SOLIDS</u>
WEEK OF JANUARY 27 - 31, 1997 =	0.0	0.0	COMPARABLE WEEK IN 1996 =	0.0	0.0
CUMULATIVE SINCE OCTOBER 1, 1996 =	0.0	0.0	CUMULATIVE SAME PERIOD LAST YEAR =	0.0	0.0
CUMULATIVE JANUARY 1 - 31, 1997 =	0.0	0.0	COMPARABLE CALENDAR YEAR 1996 =	0.0	0.0

\* Factors used for Milkfat Solids Basis: Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

\*\*Factors used for Skim Solids Basis: Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES SINCE 10/1/96 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT	
REGION	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96
MIDWEST	-0-	-0-	-0-	-0-	-0-	-0-	0.0	0.0
WEST	-0-	-0-	-0-	-0-	-0-	-0-	0.0	0.0
EAST	-0-	-0-	-0-	-0-	-0-	-0-	0.0	0.0
<b>TOTAL</b>	-0-	-0-	-0-	-0-	-0-	-0-	0.0	0.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER JANUARY 1, 1997MANUFACTURING MILK: Average Test 3.67% - \$10.20 per cwt.; 3.5% - \$10.10DOLLARS PER POUNDBUTTER: Bulk \$.6500; 1# Prints \$.6800CHEESE: 40 & 60# Blocks \$1.1300; 500# Barrels \$1.1000; Process American 5# \$1.1825; Process American 2# \$1.2225NONFAT DRY MILK: Nonfortified \$1.0470; Fortified \$1.0570; Instant \$1.2045Dairy Cow & Total Cow Slaughter under Federal Inspection, by Regions & U.S., for Week Ending 01/11/97 & Comparable Week 1996

Regions*	1	2	3	4	5	6	7	8	9	10	U.S. TOTAL	% DAIRY OF ALL		
	WEEK	SINCE JAN 1	WEEK	SINCE JAN 1	WEEK	SINCE JAN 1	WEEK	SINCE JAN 1	WEEK	SINCE JAN 1	WEEK	SINCE JAN 1		
1997-Dairy cows HD (000)	0.5	1.6	8.9	6.6	30.4	3.3	4.5	1.4	12.1	3.4	72.7	128.4	44.9	44.8
1996-Dairy cows HD (000)	0.4	1.4	6.2	6.0	21.6	3.1	7.5	1.6	10.7	3.3	61.8	108.1	44.0	41.8
1997-All cows HD (000)	0.5	1.7	12.2	20.4	41.0	22.4	27.4	12.9	14.9	8.3	161.8	286.9		
1996-All cows HD (000)	0.4	1.4	8.2	15.7	32.3	20.9	25.8	14.6	13.7	7.5	140.5	258.5		

\*For source, states included in each region, and historical data, see "Dairy Market News", Vol. 55, Report No. 31

CCC MARKET PRICE PURCHASES 1/30/97

CHEDDAR (MAR DELIVERY)	POUNDS	PRICE RANGE	MOZZARELLA (MAR DELIVERY)	POUNDS	PRICE RANGE
BARRELS	201,400	\$1.2575	MOZZARELLA	322,560	\$1.2930-1.3210
BLOCKS	199,750	\$1.4000-1.4390	SHREDDED LITE	161,280	\$1.5306-1.5371
CUTS	79,901	\$1.5200	MOZZARELLA (APR DELIVERY)		
REDUCED FAT BLOCKS	39,950	\$1.6475	MOZZARELLA	524,160	\$1.3028-1.3149
SHREDDED	115,200	\$1.5600			
PROCESS (MAR DELIVERY)			PROCESS (APR DELIVERY)		
PROCESS LOAF*	781,200	\$1.2695-1.3045	PROCESS LOAF*	632,400	\$1.2640-1.2845

CUMULATIVE TOTAL CHEESE PURCHASES SINCE 10/1/96 = 31,261,023

CUMULATIVE TOTAL NDM PURCHASES SINCE 10/1/96 = 4,921,148

BASIC FORMULA PRICE (BFP), MAY 1995\* TO DATE & HISTORIC M-W (3.5% BF, \$/CWT.)

YEAR	JAN.	FEB.	MAR.	APR.	MAY	JUN.	JUL.	AUG.	SEP.	OCT.	NOV.	DEC.
1994	12.41	12.41	12.77	12.99	11.51	11.25	11.41	11.73	12.04	12.29	11.86	11.38
1995	11.35	11.79	11.89	11.16	*11.12	11.42	11.23	11.55	12.08	12.61	12.87	12.91
1996	12.73	12.59	12.70	13.09	13.77	13.92	14.49	14.94	15.37	14.13	11.61	11.34